

Message Text

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TO AMEMBASSY PARIS PRIORITY

C O N F I D E N T I A L STATE 044082

FOR: THE HONORABLE ARTHUR F. BURNS, CHAIRMAN FEDERAL
RESERVE BOARD C/O RALPH BRYANT, HOTEL CRILLON

THE FOLLOWING WIRE TO YOU FROM AMBASSADOR ANNENBERG WAS
RECEIVED THIS AFTERNOON.

" I WAS DELIGHTED TO HEAR OF YOUR FORTHCOMING VISIT TO LONDON
AND MY WIFE AND I WOULD BE PLEASED IF YOU WOULD STAY WITH US
AT EMBASSY RESIDENCE WHILE YOU ARE HERE MARCH 12-14. I AM
GIVING A DINNER ON MONDAY MARCH 12 FOR MY DEPARTING SPECIAL
ASSISTANT WHO IS ALSO A CLOSE FRIEND. WE WOULD BE DELIGHTED
IF YOU COULD JOIN US. ON TUESDAY MARCH 13 WE ARE DINING
WITH LORD AND LADY MELCHETT, CHAIRMAN OF BRITISH STEEL,
WHOM I WOULD BE DELIGHTED TO ASK TO INCLUDE YOU IF YOU WOULD
ENJOY ATTENDING. I LOOK FORWARD TO HEARING FROM YOU. WARM
REGARDS."

WE HAVE REPLIED TO AMBASSADOR ANNENBERG AS FOLLOWS:

" YOUR WIRE HAS BEEN TRANSMITTED TO CHAIRMAN BURNS IN PARIS
AND YOU CAN EXPECT TO HEAR FROM HIM DIRECTLY. WE KNOW THAT
HE AND MRS. BURNS WILL BE DELIGHTED TO ACCEPT YOUR
HOSPITALITY."

WE THOUGHT IT BEST FOR YOU TO ARRANGE TO HAVE YOUR RESERVA-
TIONS AT CLARIDGE HOTEL CANCELLED WHEN YOUR PLANS ARE
DEFINITE. RETAIL SALES IN FEBRUARY, ACCORDING TO THE
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CENSUS BUREAU ADVANCE PARTIAL- SAMPLE ESTIMATE, WERE OFF ONE PER CENT FOLLOWING A VERY SHARP GAIN IN JANUARY AND WERE 2.8 PER CENT ABOVE THE MONTHLY AVERAGE IN THE FOURTH QUARTER OF 1972. SALES AT STORES EXCLUDING AUTOMOTIVE AND BUILDING MATERIALS WERE UNCHANGED IN FEBRUARY, WITH SALES AT THE GAF GROUPING UP 0.7 PER CENT. JUST PUBLISHED COMMERCE FIGURES ON THE PLANT AND EQUIPMENT SURVEY REPORT A PROJECTED INCREASE OF 13.8 PER CENT IN EXPENDITURES FROM 1972 TO 1973 RATHER THAN THE 13.1 PER CENT REPORTED TO YOU EARLIER.

IN DOMESTIC FINANCIAL MARKETS, BOND AND BILL PRICES WERE STEADY TO SLIGHTLY WEAKER, WITH THE 3- MONTH BILL CLOSING AT 5.84 PER CENT. DOW JONES INDUSTRIALS DECLINED 4 POINTS ON TRADING OF 14 MILLION SHARES. FEDERAL FUNDS WERE TRADED IN A 6-7/8 TO 7-1/4 PER CENT RANGE AND AN EFFECTIVE RATE OF 7-1/8 PER CENT IS ANTICIPATED. THERE WERE NO SYSTEM OPERATIONS.

JOE COYNE REPORTS LITTLE SUBSTANTIVE REACTION FROM US SOURCES TO PARIS NEGOTIATIONS, GIVEN ABSENCE OF COMMUNIQUE AS OF LATE FRIDAY AFTERNOON. NEWS WIRES HAVE CONCENTRATED ON FACTUAL REPORTING FROM VARIOUS SOURCES IN PARIS. THE ANNOUNCEMENT FROM PARIS THAT THE FINANCE MINISTERS OF THE MAJOR INDUSTRIAL COUNTRIES PLANNED TO RECONVENE THEIR MEETING LATE NEXT WEEK SEEMED TO HAVE LITTLE IMPACT ON EXCHANGE RATES.

AT LAST QUOTE IN NEW YORK THE MARK WAS ABOVE ITS FEBRUARY 14 CENTRAL RATE BY 4.3 PERCENT; THE GUILDER 3.5 PERCENT, THE BELGIAN FRANC 3.6 PERCENT; AND THE FRENCH FRANC 2.4 PER CENT.

WE LEARN IN A SECOND WIRE FROM AMBASSADOR ANNENBERG THAT SCOTLAND YARD WILL NOT ISSUE MR. SUTHERLAND A WEAPONS PERMIT; THEY WILL HOLD WEAPON WHILE MR. SUTHERLAND IS IN GREAT BRITAIN. AMBASSADOR ANNENBERG HAS BEEN INFORMED OF YOUR ARRIVAL FLIGHT.
ROGERS

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